

**Department of Management and Budget
Acquisition Services**

**Report of Proposed Changes in Excess of \$500,000
To Current Contracts for Computer Software Development,
Hardware Acquisition, or Quality Assurance**

Sec.710 of Public Act 146 of 2005

(June 6, 2006)

Questions regarding this report may be directed to Greg Faremouth, 517-241-1646

**BID TABULATION AND RECOMMENDATION FOR AWARD
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS**

CONTRACT DESCRIPTION: 071B4200157 - Michigan Child Support Enforcement System -
Department of Information Technology for the Department
of Human Services

**CONTRACT PERIOD –
BASE YEAR(S):** 01/01/2004 through 03/31/2007

☐ - OPTION 1 N/A

☐ - OPTION 2 N/A

☐ - OPTION 3 N/A

CONTRACTOR:
Accenture, Detroit, MI

INCREASE
\$8,500,000.00

☒ - Check here if a Michigan Business

☒ - Check here if AS1 received and reviewed by DMB

☐ - Check here if request is to extend contract (no option in base contract) - Time period of extension:

☐ - Check here if extension is beyond option year(s) - Time period of extension:

FUNDING SOURCE: 66% Federal, 34% General

PURCHASE JUSTIFICATION:

Description of Product or Service Requested: In August 2004, Accenture was awarded the three-year contract for the Michigan Child Support Enforcement System (MICSES) application maintenance and support. The primary contract expires March 31, 2007. The contract includes language to exercise two one-year options. The value of the current three-year contract is \$67,884,845.00. To date, no change notices have been issued to the contract. The contract includes Compuware, and Shakti Solutions as sub-contractors. Compuware is the largest of the Sub-contractors with an approximate 45% share of the current staffing levels.

Purpose/Business Case of New Contract, Amendment or Extension and Expected Outcomes: To support development and implementation of MICSES system improvements as provided for in PA 147 of 2005; Section 902.

There are five primary impetuses for requesting a continuation of the Accenture contract via exercise of the first one-year renewal option.

1. Legislative Appropriation for System Fixes
2. Child Support Program Leadership Two-Year Plan
3. Federal Action to Reduce Child Support Funding
4. BRIDGES Interface
5. Contract Performance

Commitment: State is not obligated to purchase in any amount; payment only for service performed.

Risk Assessment: Successful implementation system improvement and enhancement plan is dependent upon a consistent available qualified IT staff with child support system expertise, operating at a high level of productivity.

Cost Reduction Consideration:

A. **Negotiated Savings:** n/a

B. **Cost Avoidance:** n/a

C. **Total Savings:** n/a

PRICE CLAUSE: Firm Fixed

CS-138 #: 920-45-11

ORIGINAL CONTRACT AMOUNT: \$67,884,845.94

CURRENT CONTRACT AMOUNT: 67,884,845.94

PROPOSED AMENDMENT INCREASE AMOUNT: \$8,500,000.00

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND ORIGINAL CONTRACT AMOUNT: 13%

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND CURRENT CONTRACT AMOUNT: 13%

ESTIMATED 07 FISCAL YEAR INCREASE: \$8,500,000.00

NEW TOTAL CONTRACT COST: \$76,384,845.94

☒ - Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?

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**BID TABULATION AND RECOMMENDATION FOR AWARD
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS**

CONTRACT DESCRIPTION: 071B4200381 - Project Control Office for Michigan Child Support Enforcement Services - Department of Information Technology for the Department of Human Services

CONTRACT PERIOD – BASE YEAR(S): 09/01/2004 through 09/30/2007

☐ - OPTION 1 N/A

☐ - OPTION 2 N/A

☐ - OPTION 3

CONTRACTOR:
EDS, Lansing, MI

INCREASE
\$10,000,000.00

☒ - Check here if a Michigan Business

☒ - Check here if AS1 received and reviewed by DMB

☐ - Check here if request is to extend contract (no option in base contract) - Time period of extension:

☐ - Check here if extension is beyond option year(s) - Time period of extension:

FUNDING SOURCE: 66% Federal, 34% General

PURCHASE JUSTIFICATION:

Description of Product or Service Requested: In August 2004, EDS was awarded the three-year contract for the Michigan Child Support Enforcement System (MICSES) Project Control Office and Infrastructure Support. The Project Control Office (PCO) portion of the contract provides resources which plan, schedule, track and monitor application development release plans, reporting out progress, level of effort, earned value, scorecards and issues to the State management team. The Infrastructure Support portion of the contract provides 24/7 technical resources to maintain the production, development and testing environments for the high availability and mission critical MICSES application.

Purpose/Business Case of New Contract, Amendment or Extension and Expected Outcomes: To support development and implementation of MICSES system improvements as provided for in PA 147 of 2005; Section 902, and to correct an error in the original posting of the contract value. The additional funds will be used for Statement of work hours, which provide the ability to meet unexpected and unanticipated staffing requirements, which are

over and above the baseline fixed price tasks and deliverables. The FY06 DHS Appropriation includes funding in the amount of \$17.8 million for MICSES fixes and improvements. This source of funding is a special collection and the unexpended funds are intended to be carried forward as work project funds, across fiscal years, to continue work on the system improvements. Due to the timing of the collections and the MICSES staffing levels being supported, the intention is to expend the funds over approximately a two-year time frame for application development, as well as supporting services provided under the EDS contract. The Child Support Program Leadership Group developed a two-year plan for the enhancement and improvement of the MICSES application and has prioritized 68 categorized system improvements. Many of the items to be addressed are local business requirements, which were shelved and put on hold during the push to implement all of the federal requirements, attain federal certification and eliminate the federal penalties.

Commitment: State is not obligated to purchase in any amount; payment only for service performed.

Risk Assessment: Successful implementation system improvement and enhancement plan is dependent upon a consistent available qualified IT staff with child support system expertise, operating at a high level of productivity.

Cost Reduction Consideration:

A. **Negotiated Savings:** \$0

B. **Cost Avoidance:** \$0

C. **Total Savings:** \$0

PRICE CLAUSE: Fixed Firm Price

CS-138 #: 084S3000018

ORIGINAL CONTRACT AMOUNT: \$21,866,020.00

CURRENT CONTRACT AMOUNT: \$21,866,020.00

PROPOSED AMENDMENT INCREASE AMOUNT: \$10,000,000.00

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND ORIGINAL CONTRACT AMOUNT: 45%

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND CURRENT CONTRACT AMOUNT: 45%

ESTIMATED 06 FISCAL YEAR INCREASE: \$0

NEW TOTAL CONTRACT COST: \$31,866,020.00

☒ - Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?

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**BID TABULATION AND RECOMMENDATION FOR AWARD
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS**

CONTRACT DESCRIPTION: 071B5000207 - Ongoing support and transition services for the Retail Sales System - Department of Information Technology for the Department of Natural Resources

CONTRACT PERIOD – BASE YEAR(S): 12-8-1994 through 1-1-2007

☐ - OPTION 1 N/A

☐ - OPTION 2 N/A

☐ - OPTION 3 N/A

CONTRACTOR:
EDS, Lansing, MI

INCREASE
\$3,997,880.00

☒ - Check here if a Michigan Business

☒ - Check here if AS1 received and reviewed by DMB

☒ - Check here if request is to extend contract (no option in base contract) - Time period of extension: 1-1-2007 through 6-30-2008

☐ - Check here if extension is beyond option year(s) - Time period of extension:

FUNDING SOURCE: 100% Game and Fish

PURCHASE JUSTIFICATION:

Description of Product or Service Requested: This is an 18-month extension to provide ongoing support to the Department of Natural Resources' (DNR) Retail Sales System (RSS) while developing a knowledge base with the Department of Information Technology (DIT) to assume future responsibility for the support of the RSS system. The RSS system processes hunting and fishing license sales via point of sale (POS) terminals located throughout the state or through an Internet Web site. About 2 million sportspersons a year purchase approximately five million hunting and fishing licenses at the POS sites or through the E-License Web site. The State receives revenues of approximately \$60 million per year from this system.

Purpose/Business Case of New Contract, Amendment or Extension and Expected Outcomes:

While continuing services of this contract, DIT will work with the contractors to:

- Reduce operating costs
- Shift the resource support of RSS from outside the State to within the State of Michigan
- Upgrade RSS to support current licensing and wildlife management business functions
- Upgrade RSS Technology
- Maintain the high level of RSS reliability and availability

Commitment: : State is not obligated to purchase in any amount; payment only for service performed.

Risk Assessment: The services are needed to provide continuous support of the DNR's Retail Sales System (RSS).

Cost Reduction Consideration:

A. Negotiated Savings: \$0

B. Cost Avoidance: \$0

C. Total Savings: \$0

PRICE CLAUSE: Pricing to remain firm for the duration of the contract.

CS-138 #: 084S3000018

ORIGINAL CONTRACT AMOUNT: \$7,753,171.00

CURRENT CONTRACT AMOUNT: \$33,678,381.76

PROPOSED AMENDMENT INCREASE AMOUNT: \$3,997,880.00

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND ORIGINAL CONTRACT AMOUNT: 52%

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND CURRENT CONTRACT AMOUNT: 12%

ESTIMATED 06 FISCAL YEAR INCREASE: \$0

NEW TOTAL CONTRACT COST: \$37,676,261.76

☒ - Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?

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